

Business Strategy and Employees: Effects and Impacts

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Abstract

Employees are one of the key resources that contribute to the performance and competitiveness of an organisation. Given the key role of employees in the organisation, it is important to engage them in important strategic decisions, so that they feel that they have a stake in the organisation. The objective of this paper is to investigate the effect of employee engagement in Czech companies on business success. The ambition is to answer the central research question: " How can employee engagement in the strategic process affect the success of a business? " The study is based on primary data collected from a recent survey of Czech enterprises. The relationships are analyzed using relevant regression techniques. The research results confirmed that the level of employee engagement in the strategic decision making of the organisation has an impact on the performance of the organisation.

Keywords

Employees, business strategy, engagement, performance, business success.

Introduction

The success of the strategy can also be enhanced by employee involvement, as employees are the bearers of knowledge and information relevant to strategy development and implementation. It is important to explain the company's strategy to employees so that they can identify with the company's strategy and goals and thus be more committed to achieving the goals and implementing the strategy. (Floyd & Wooldridge, 2000; Hamel & Prahalad, 1994; Kaplan & Norton, 1996) The significance and relevance of engaging employees across the organisation in the strategy development process has been recognized by conventional academic research. (e.g., Burgelman, 1991; Floyd & Wooldridge, 2000; Hart, 1992), as well as practitioners. According to Tegarden et al. (2005), involvement in strategy making also allows employees to know more about implementation of decisions.

This study contributes to the understanding of the relationship between an organization's business strategy and business success by examining the impact of employee engagement in the strategic process. Therefore we extend strategic planning studies by suggesting that business success is depending not only on their investment in research and development but also on strategy, employee engagement in the strategic process and other factors. Although we use a single small country, the Czech Republic, as a laboratory to test our theoretical propositions, our study is situated within the domain of business studies, since its focus is on the effects of the employee engagement on the success of entrepreneurial activities. This paper is the first to examine the impact of the employee engagement for company's performance and success. Similarly, this paper is the first to show how selected factors influence the business success. We offer a new angle on a business theory by focusing on the effects of the employees' engagement on the success of business activities in markets. Our study helps to advance the theoretical development of the role of the engaged employees in entrepreneurial activities and in strategic planning.

Various empirical studies have been done to investigate the relationship between strategy and company performance with varied conclusions. The central contribution of this paper is in providing existence that engaged employees can help to company's performance and competitiveness. The objective of this

paper is to investigate the effect of employee engagement in Czech companies on business success. The ambition is to answer the central research question: " How can employee engagement in the strategic process affect the success of a business? " In this research study, employee engagement in the strategic process is investigated as factors influencing the success of entrepreneurial activities. The study is based on primary data collected from a recent survey of Czech enterprises. The relationships are analyzed using relevant regression techniques. The paper is organized into three parts. The first part of the paper outlines selected theories dealing with the business strategy and business success, and employee engagement in the strategic process. The second part of the paper aims to present and then interpret the results of the survey carried out among Czech enterprises. Finally, the last section provides the conclusion of the research and offers a discussion of the most important implications. The results of the analysis are discussed, and further recommendations are provided for managers in the last section.

Theoretical Framework

To be competitive in the twenty-first century, companies need to continuously improve and perform to an excellent standard to improve quality and performance. The success of a business doesn't happen by accident, it requires careful thought and planning. Business performance, innovativeness, proactiveness, risk-taking, competitive aggressiveness, and competitive scope and autonomy are the crucial factors to ensure the success of the business (Arshad et al., 2014). Michael Porter (1986) believes that performance depends on the ability of an enterprise to create value for its customers.

A key component of business planning involves the development and implementation of specific business strategies. The organization sets effective strategies by considering where the organization has come from, what it has learned, and where it is going. The includes consideration of the context in which it operates, knowledge of customer groups and market segments, past performance, discharge of legal responsibilities and minimization of harm. Companies practically apply the strategy seriously as a tool that can be utilized to fast track their performances. The strategy is a process that can allow an organization to concentrate its resources on optimal opportunities with the objectives of increasing sales and achieving a sustainable competitive advantage (Kotler, 2012). Greenley (1986) noted that strategic planning has potential advantages and intrinsic values that eventually, translate into improved company performance. According to Kotter (1996), the strategy can be used as a means of repositioning and transforming the organization. Porter (1996) has defined strategy as a creation of a unique and vulnerable position of trade-offs in competing, involving a set of activities that neatly fit together, that are simply consistent, reinforce each other and ensure optimization of effort. The essence of optimal strategy making is to build a market position strong enough and an organization capable enough to produce successful performance despite potent competition and internal difficulties. A business strategy is then used as an umbrella term to denote the broad range of strategic options open to the company, including both organizational and functional management strategy, product/market strategies, and diversification strategies (Barringer & Greening, 1998). It consists of integrated decisions, actions or plans that will help to achieve target goals. According to Aaltonen and Ikävalko (2002), the outcome of all of the company's operations and strategies is company performance. Company performance refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. The success of a business is obtained through a competitive business strategy. According to Sivalogathan (2006), the strategy is how the organization intends to achieve its goals. The means it will use, the courses of action it will take, and how it will generally operate and compete constitute the organization's strategy. A success company continually reinvents strategies to gain better performance and competitive advantages in today's dynamic competition. The proposed business strategy not only affects a number of factors and processes in the organization, but also determines the success of the organization and the way employees

behave and perform their work. The success of the strategy can also be enhanced by employee involvement, as employees are the bearers of knowledge and information relevant to strategy development and implementation. Thus, the following hypotheses were formulated:

H1: Business strategy is positively related to business success.

H4: Business strategy is positively related to engagement of employee.

Employees represent a genuine source of information at the organizational level. Supporting employee engagement, job satisfaction and retention impacts and defines the success of a business. Employees play a key role in developing, strengthening and changing the culture of the organization, hence the performance and success of the organization. Communication with employees and increased employee engagement strengthens the organisation and gives the company a competitive advantage. It is widely known that employee development contributes to better employee engagement, higher productivity, lower turnover and a more positive company culture, which is directly linked to business strategy and organizational success.

One of the important, indeed key, factors is employees. Employee engagement is one of the biggest issues in the workplace. For these reasons, it is necessary to find the best strategies to involve employees in strategic decision-making, as the success of a company depends largely on the success of its employees. If employees are not performing at their best or if they are not satisfied with their role, the company suffers. Studies have shown that employee engagement has a huge impact on the success of an organisation. According to Lovelock (1992), if employees perceive that their goals are achieved when the strategic goals are achieved, they are motivated to do the jobs well. Thus, the following hypothesis is formulated:

H2: The engagement of employees are positively related to business success.

Erich A. Helfert (2011) views performance as "a way to measure an enterprise's business through the most efficient use of financial resources, business profitability, enterprise finance problems. But it doesn't have to be just financial resources. Businesses depend on their employees secondeesto achieve goals, meet deadlines, uphold quality and satisfy customers. Employees are the carriers of knowledge, skills and experience in an organization. For these reasons, employees are seen as a critical factor influencing the success of an organisation in the market. In fact, employees are the key to a company's success.

Management experts talk a lot about engaged workers, motivated teams and a whole slew of other ideal types. Shining the spotlight on empowering employees gives attention to whether workers have the resources, tools and environment they need to apply their own talents and act independently. The goal is to draw out the best each individual has to offer while also freeing up supervisors from needing to micromanage their teams. In other words, with the right information, training and opportunities, empowered employees have the capability and freedom to solve problems and complete their tasks with minimal supervision. Tie in the right employee culture, values-driven workplace and employee engagement, and workers will also be personally driven to take responsibility and perform well. To empower their employees, managers should focus on the tools and knowledge that workers need to do their jobs. Providing team members with greater insight into how the company operates, its goals, and its position in terms of success and corporate culture can make employees feel like a valuable part of the community and challenge them to contribute to the organization's improvement.

Empowered employees can be excellent decision makers, but they need information and tools to do their jobs well. It is appropriate to give staff more responsibility and encourage them to take ownership, which should be accompanied by the knowledge to fully inform their decisions, support and guidance from

management through regular check-ins, and an environment of open communication so that they feel they can ask questions or raise concerns whenever they arise.

By empowering their workforce, companies can harness engaged employees, validate their contributions and help them feel more engaged in their work. Employee engagement is directly based on the business strategy and thus has a direct impact on the organisation's success. According to Sivalogathan (2006), employee engagement is about bringing employees into the organisation so that they are aligned with the business strategy and achieve the organisation's goals, gain competitive advantage and achieve the required success. Engaging employees at multiple levels of the organization in the strategy making process results in greater commitment to strategic goals (Locke et al., 1988), as well as the potential for improved decision making, either through use of more relevant information or higher satisfaction, which in turn leads to the greater motivation to achieve goals. In addition, it is suggested that if employees participate in decision making, they will know more about implementing work procedures after decisions have been made (Maier, 1963; Melcher, 1976). In essence, the role of information and communication is central to the positive relationship between participation and organizational outcomes. Tegtgen et al. (2005, 2003) give evidence that processes drawing upon all employees are more likely to have a greater influence on strategic performance rather than financial performance. Finally, the use of participative management practices has been on the rise in organizations because most report success, especially with self-management teams (Lawler et al., 1992) and for more complex tasks (Ledford & Lawler, 1994). Thus, the following hypothesis is formulated:

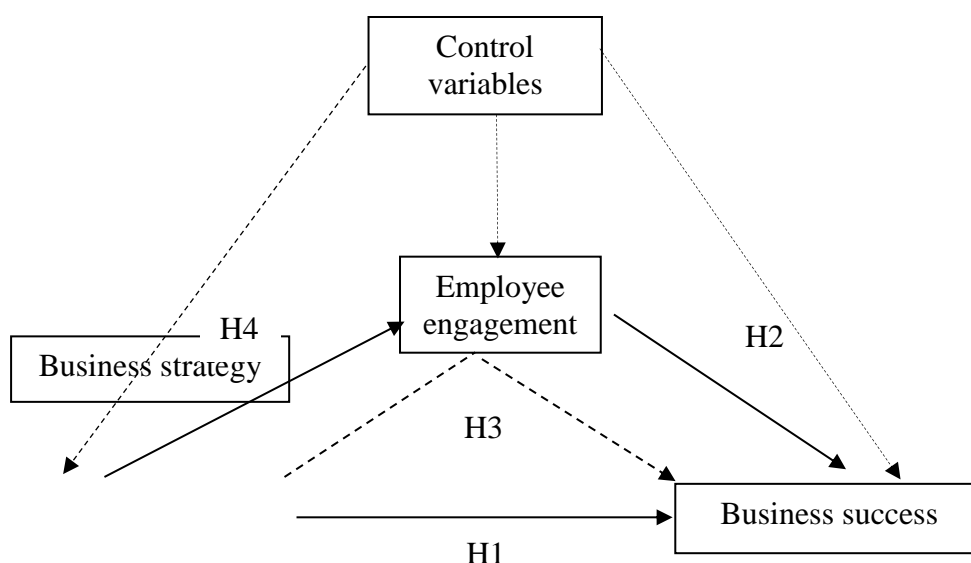
H3: Business strategy is positively related to business success through the mediating effects of the employees.

Based on the above findings, the hypotheses developed are tested, taking into account, the focus on employee performance and strategic management, which determines that the organisational findings are significant (Hubbard, 2018).

Methodology

Structural equation modeling was chosen to investigate the relationships among the business strategy, engagement of the employees and business success. The direct and indirect relations between these variables are examined in the proposed conceptual model present in Figure 1.

Figure 1 Conceptual Model



Source: Developed by authors

The present research is part of a larger research project which focuses on the strategic management of Czech companies. The analysis is based on the data from a standardized empirical study, which comprises of research questions on the strategic management of Czech companies. To analyze the strategic management of Czech companies, some questions on the impact of strategic orientation on company performance of Czech companies we asked in the survey. The objective of the paper is to investigate the effect of employee engagement in Czech companies on business success. The research was carried out in the Czech Republic between October 2019 and May 2022. The process of strategic management of Czech companies has been researched with the method of oral questioning, and the main instrument was a questionnaire.

The research design is based on the collection of primary data from top managers of selected Czech companies. The sample consisted of 499 Czech companies which are located in the Czech Republic. The companies under research were selected with the method of non-probability purposive sampling, or more precisely by assumption and occasional selection. The companies included in the study are incorporated in the Czech Republic, and all of them are private companies.

The structured questionnaire contained two fields of varying degrees of complexity relating to the area of strategic management. The questionnaire consists of closed, semi-closed and open questions. The questions are based on information offered via personal communication with selected business and university experts, any by former researchers. In some questions, simple and complex scales were used, mostly the Likert-type scale (5 = strongly agree to 1 = strongly disagree). In addition to the questions, the questionnaire also included six questions related to the company background itself: the type of a business sector according to NACE (Classification of Economic Activities); the size of the company measured by the number of employees and the level of revenue; the year of company foundation; family/non-family character of the company; top management structure of the company (foreign – domestic top managers). The questionnaire was pre-tested for instrument validity with 20 participants-managers who were asked to respond to the items measuring the theoretical construct. These participants were also asked to identify any ambiguities that may reveal in the questionnaire draft. Based on their feedback, some minor changes in wording were made.

Due to a relatively low response rate in email surveys in the Czech Republic, and because most Czech managers fear that revealing the corporate data is putting their organizations at security risks, it was necessary to make use of a high level of personal involvement consisting of telephone calls, personal distribution of and collecting questionnaires. First, telephone calls were placed to general managers or CEOs of the Czech companies to explain the purpose of the study and to request their participation, after those questionnaires were hand-distributed to the general managers and CEOs. Trained research assistants helped the managers and CEOs complete the questionnaire, and explained any items that the respondents wished to have clarified. This procedure resulted in 600 matched questionnaires, of which 51 were eliminated because some responses were incomplete. Thus 499 (a response rate of 90,7%) questionnaires were used in the subsequent data analysis and statistical processing. The representativeness of the research sample was verified by using the criterion of territorial representation of businesses in the present research. The representativeness of the research sample was also verified by a chi-square test. Based on the level of significance $\alpha = 0.05$, the p-value accounted for 0.128, which means that the research sample was representative concerning the location of the business unit.

The dependent variable *business success* (hereinafter referred to as success) was measured by subjective ratings. We asked the respondents to evaluate the present company performance and its performance 3 years ago, relative to other companies in the same industry, using a five-item, five-point Likert type

measure adopted for this study. The question was “The present company strategy can be characterized as successful and fulfilling company objectives, and enabling the achievement of long-term sustainable competitive advantage and had a positive impact on turnaround over the last 3 years: (1=totally disagree; 5=totally agree)”. The Cronbach’s α of this measure was 0.84. The mean rating by top managers was 3.99, with a standard deviation of 0.844.

The dependent variable *employee engagement* (hereinafter referred to as employee) was measured by subjective ratings. We asked the respondents to evaluate the effect of employee engagement on the business success, using a five-item (1=totally disagree; 5=totally agree), five-point Likert type measure adopted for this study. The Cronbach’s α of this measure was 0.86. The mean rating by top managers was 2.53, with a standard deviation of 1.266. This variable has the role of mediating variable also.

The independent variable *business strategy* (hereinafter referred to as strategy) was measured by subjective indicators included using a dichotomous variable, assigned 1 for receiving a differentiation strategy and 0 for cost strategy. Competitive strategies can be classified according to their level and types. There are various competitive strategy typologies. This research study focuses on Porter's (1991) typology of competitive strategies which outlines two approaches, fundamentally different ways to creating and sustaining competitive advantage: lower cost than its competition and differentiation about its rivals. The findings show that most respondents (68.7%) are applying the differentiation approach, and 31.3% apply the cost leadership approach.

Guided by current research and empirical evidence, we have included several control variables. Among the company-level determinants of company performance, the company’s size and company age are the two widely used demographic characteristics of companies. Therefore, we include *company size* (hereinafter referred to as size) and *company age* (hereinafter referred to as age). Statistical organizations classify companies by a wide range of variables such as sales revenues and the number of employees. This research study follows the conventional European idea that the size of companies is defined according to EU norms. A company, which has 1 to 9 employees and 2 million euro of turnover per year, is referred to as a microenterprise. A company, which has 10 to 49 employees and at most 10 million euros of turnover per year, is called a small company. A company, which has 50 to 249 employees and at most 50 million euros of turnover per year, is called a medium company. A company, which has more than 250 employees and more than 50 million euros of turnover per year, is called a large company. In line with this, we classify our research sample by the number of employees so that 28.7 % of the sample consists of microenterprises and 25.5 % small companies, 21.8 % of medium ones and large ones equal 24.0 %. The average company age of the respondents is 27 years.

We also work with the *industry level* (hereinafter referred to as industry) of the company: whether the company operates in the manufacturing, service sector, or other activities. We included a dummy variable for industry-level following Acquaah and Yasai-Ardekani (2007) because the distinction between manufacturing and services has a considerable effect on company performance. The final sample consisted according to CZ-NACE belong: companies active in the wholesale and retail trade 17.4%, followed by 32.1% of companies operating in manufacturing and 50.5% of companies in services.

In addition to these company-level determinants, we also include the top management of the company. *Top management of the company* (hereinafter referred to as management) refers to the top managers of the company. The majority of the respondents (90.2%) have Czech top managers, only 9.8 % of the respondents have foreign top managers.

Results

The data obtained from the empirical research on a selected sample of 499 companies were processed by SPSS. The analysis began by examining the correlation between variables. All variables were

screened to reveal their distribution through Pearson correlation coefficients deviations for the variables (Tab 1). Table 1 presents the summary statistics of all variables, and correlations for the variables. Correlations were obtained from the Pearson Correlations Matrix are shown in Table 1, the values indicating intercorrelations among the predictor's variables were low, ranging from 0.08 to 0.68 ($p < 0.05$), thus indicating the independence of the variables used for measuring the predictors. Since the descriptive data revealed a promising variation as well as the correlation among the variables included in the model, the results seem to support the hypotheses. The second phase of research includes the analytical method: Hierarchical Regression Analysis.

Table 1 Descriptive Statistic

Variables	Mean	Std. Deviation	1	2	3	4	5	6	7
Success	4.29	1.291	1						
Industry	2.18	0.891	-0.028	1					
Age	27.22	32.373	0.081	-0.101*	1				
Size	3437.61	27493.576	0.000	0.045	0.211**	1			
Management	1.46	0.912	-0.080	-0.086	0.210**	0.205**	1		
Strategy	1.69	0.464	0.191**	-0.021	0.042	0.064	0.053	1	
Employees	3.79	1.429	0.529**	0.090*	0.038	0.012	-0.008	-0.130**	1

* $p < 0.05$; ** $p < 0.01$

Source: Developed by authors

Hierarchical regression has been used to test the hypotheses with business success as the dependent variable. We tested the impact of employee engagement, and business strategy on business success, controlling for company size, company age, industry type, and top management. The results of the analyses are presented in Table 2.

We entered the control variables as the first block, Model 1. The regression equation in Model 1 is not statistically significant ($F = 2.150$, $p > 0.05$). The control variables explain 17.1 % of the variance in Model 1. Model 1 in Table 2 shows that only company size is significantly associated with business success.

The business strategy variable was entered into the regression as the second block, Model 2. The incremental explanatory prediction on business success was significant in the regression, ΔR^2 was 0.069. The regression equation in Model 2 is statistically significant ($F = 5.594$, $p < 0.01$). The independent variables explain 24.0 % of the variance in Model 2. The multicollinearity test showed that the VIF of independent variables in the final model ranged from 1.007 to 1.091 and the factor of tolerance range from 0.917 to 0.993. These values indicate no serious problems with multicollinearity. Hypothesis 1 claiming that the business strategy is positively related to business success was supported. The employee engagement variable was then entered as the third block, Model 3. The change in model R^2 of 0.473 was significant. The regression equation in Model 3 is statistically significant ($F = 37.316$, $p < 0.01$). The independent variables explain 71.3 % of the variance in Model 3. An examination of the variance inflation factor VIF of the independent variable (ranging from 1.024 to 1.094) and a factor of tolerance showed a range of 0.914 to 0.977 in the final model. These values indicate no serious problems with multicollinearity. Hypothesis 2 claiming that the employee engagement is positively related to business success was supported.

Table 2 Regression Results for Business Success

	Model 1	Model 2	Model 3
Industry	-0.039(0.065)	-0.044(0.064)	-0.113(0.055) *
Age	0.004(0.002)*	0.004(0.002) *	0.003(0.002) *
Size	0.000(0.000)	0.000(0.000)	0.000(0.000)
Management	-0.147(0.066) *	-0.137(0.065) *	-0.133(0.055) *
Strategy H1		0.534(0.122) **	0.347(0.105)**
Employee H2			0.466(0.034)**
Model R ²	0.171	0.240	0.713
ΔR ²	0.171	0.069	0.473
F	2.150	5.594**	37.316**

^a Unstandardized coefficients are reported, with standard errors in brackets. The changes in R² in Models 2-3 are in comparison with the value of R² in the model to their left.

Value of Durbin-Watson is 1.932

*p < 0.05; **p < 0.01.

Source: Developed by authors

Hierarchical regression has been used to test the hypotheses with the use of the employee engagement as the dependent variable. We tested the impact of business strategy on the employee engagement, controlling for company size, company age, industry type, and top management. The results of the analyses are presented in Table 3.

We entered the control variables as the first block, Model 1. The regression equation in Model 1 is not statistically significant ($F = 1.323$, $p > 0.05$). The control variables explain 11.0 % of the variance in Model 1. Model 1 in Table 2 shows that only the industry level is significantly associated with the employee engagement.

The business strategy variable was entered into the regression as the second block, Model 2. The incremental explanatory prediction on the employee engagement was significant in the regression, ΔR^2 was 0.160. The regression equation in Model 2 is statistically significant ($F = 2.779$, $p < 0.05$). The independent variables explain 27.0 % of the variance in Model 2. The multicollinearity test showed that the VIF of independent variables in the final model ranged from 1.007 to 1.091 and the factor of tolerance range from 0.917 to 0.993. These values indicate no serious problems with multicollinearity. Hypothesis 4 claiming that the business strategy is positively related to employee engagement was supported.

Table 3 Regression Results for Employee Engagement

	Model 1	Model 2
Industry	0.152(0.073) *	0.148(0.072) *
Age	0.002(0.002)	0.002(0.002)
Size	0.000(0.000)	0.000(0.000)
Management	-0.017(0.073)	-0.009(0.072)
Strategy H4		0.401(0.137) **
Model R ²	0.110	0.270
ΔR ²	0.110	0.160
F	1.323	2.779*

^a Unstandardized coefficients are reported, with standard errors in brackets. The changes in R^2 in Models 2-3 are in comparison with the value of R^2 in the model to their left.

Value of Durbin-Watson is 1.972

* $p < 0.05$; ** $p < 0.01$.

Source: Developed by authors

Hypothesis 3 claiming that the employee engagement has a mediating role between business strategy and business success. To examine the mediating role of the employee engagement, we entered the interaction terms into the hierarchical regression analysis; Table 4 shows these results.

Table 4 Regression Results for multiple mediation^a

	<i>Unstandard. Coefficient B</i>	<i>Standard. Coefficient Beta</i>	<i>t</i>	<i>95% Confidence Interval</i>
Business strategy to mediators employee engagement H4	0.401(0.137)**	0.130**	2.920	(0.131; 0.670)
Mediators employee engagement to business success H2	0.466(0.034)**	0.516**	13.619	(0.399; 0.533)
Business strategy to business success H1	0.534(0.112)**	0.192**	4.365	(0.293; 0.774)
Sobel test z	3.860**			

^a Unstandardized coefficients are reported, with standard errors in brackets. Bootstrap results are provided for the lower and upper bounds of 95% confidence intervals.

* $p < 0.05$, ** $p < 0.01$

Source: Developed by authors

A simple mediation of a mediator is often tested through the causal steps approach recommended by Baron and Kenny (1986), and the Sobel test to determine whether a mediating effect is significant (MacKinnon et al. 2002; Sobel 1982). Table 4 reports the results using Preacher and Hayes' (2004, 2008) a multiple mediation SPSS macro. While these results provide information about the association between the mediators and the dependent variables consistent with the results reported in Table 2 and Table 3, they also provide information about the association between the independent variable and each mediator, controlling for the other mediators. As manifested in Table 4, the multiple mediation results show a significant estimate between business strategy and employee engagement. The estimate of the employee engagement becomes significant. Hypothesis 3 was confirmed.

Bootstrapping is recommended approach for testing the significance of indirect effects, i.e. mediationg relationships. Bootstrapping represents a nonparametric resampling procedure that does not impose the assumption of normality on the sampling distribution (Preacher and Hayes, 2008). Following Chin (2010), a two-step procedure was applied for testing mediation: (1) starting from the research model included in Figure 1, which contains both direct and indirect paths, an $n = 2000$ bootstrap resampling is performed with the explicit calculation of the product of the direct paths that form the indirect path being tested. (2) Significance estimates are obtained using a percentile bootstrap (Williams & MacKinnong, 2008). This produces a 95% confidence interval for each indirect effects under evaluations: (H3) business strategy-employee engagement-business success. When a confidence interval for a mediated relationship does not contain zero, this means that the indirect effect is significantly different from zero with 95% confidence.

Table 5 Direct, Indirect and Total Effects for Mediation Model

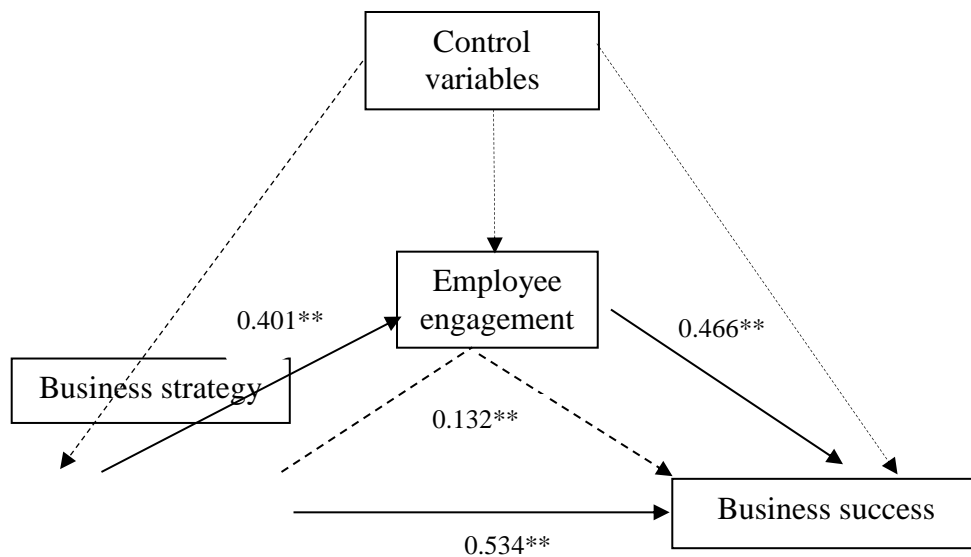
	<i>Estimate</i>	<i>95% Confidence Interval</i>
Direct effect		
Strategy – success H1	0.534	(0.293; 0.774)**
Strategy – employee H4	0.401	(0.131; 0.670)**
Employee – success H2	0.466	(0.399; 0.533)**
Indirect effect		
Strategy – employee – success H3	0.132	(0.009; 0.074)**
Total effect		
Strategy – success	0.433	(0.130; 0.515)**

Bootstrap results are provided for the lower and upper bounds of 95% confidence intervals.

* $p < 0.05$, ** $p < 0,01$

Source: Developed by authors

Table 5 shows the results for mediation model. In the model, the business strategy has a significance total effect on the business success variable (Figure 2). However, when the employee engagement is introduced as mediator (Figure 2), the business strategy variable substantially reduces its direct effect on the business success construct although it remains significant, while its indirect effect through the employee engagement variable achieves an important and significant point estimate of 0.132. We have additionally calculated the variance accounted for (VAF) index (Haier et al. 2014) that determines the size of the indirect effect in relation to the total effect. A VAF value below value 20% indicates a small mediation. In our case, the indirect effect achieves a VAF of 15%. When employee engagement is introduced as mediator, the business strategy substantially reduce the direct effect on the business success.

Figure 2 Conceptual Model Results

Source: Developed by authors

Discussion

The results support the high predictive power of the employee engagement as a significant tool for the business success. More specifically, the main objective of the paper is to investigate the effect of employee engagement in Czech companies on business success. From the results generated by research methodology, employee engagement has a very important weight and plays a key role in the business success and in business strategy of company. This fact is confirmed by the the high direct effect, as well as by the high indirect effect between both variables. These results indicate that the using of the employee engagement constitute a key piece in the business strategy of company to achieve of business success. The findings of this study are in line with Paşaoğlu (2015) research findings which suggest that HR management practices had an effect on commitment to a single organization in a systematic way. The results obtained by the new direction shed light on the importance of employee engagement and on work with employees. The results show that business strategy and employees significantly affect business success. Nevertheless, decisions in strategic planning are more effective, and will be maintained and improved over time, if they are integrated systematically into the managemet of the organization through the strategic planning process. The hypotheses that represent the direct effects between the variables are confirmed, as well as the indirect or mediation relationships. These results confirm the significance of employee engagement to achieve of business success. The hypotheses show that strategic management, and business strategy, and employees together affect the performance of company and business success.

The findings of the research study confirm the conclusions of a number of authors, such as Heris (2014) who argues that strategic management has a positive link with the employee performance. According to Rustamadjji and Omar (2018), organizational commitment affects the performance of employees and that management process encourages employees to engage in corporate planning, and therefore participates by having a role in the overall process that creates motivation for high levels of performance. Previous research on worker productivity has shown that employee performance is higher in workers who are happy with their work and satisfied with management is easy to motivate employees to perform high (Kreitner & Kinicki, 2007)

Based on the research findings, it can be concluded that there was a significant relationship between business strategy and employee engagement, between business strategy and business success, and there is a significant relationship between employee engagement and business success.

This study has some contributions, including theoretical contributions and managerial implications. This study has provided some theoretical contributions as follows: It gives additional insight into the relationship between business success and the employee engagement. Furthermore, we also provide some implications for managers and owners of Czech enterprises. This study helps the managers to understand the importance of the employee engagement and work with employees in strategic planning and to achieve business success. Managers and owners should give more attention to employee and their improvement.

This study also has some limitations. First, this study has been conducted only in one small country, in the Czech Republic. Indeed, this will affect the generalizability issue. This study only examined the relationship between the business success of enterprises and employee engagement. Hence, the researcher cannot justify it as a generalization for all European countries. Due to time and cost limitations, this study employed a cross-sectional study. Thus, it only portrays the phenomena at a single point in time, and it will not be able to reflect the long-term effects of the change.

This research study suggests several recommendations for future study. The study might be extended to multiple countries in Europe. The future study might use the longitudinal study which describes phenomena in the long-term. The longitudinal study may lead practitioners and academicians to understand the causal relationship between employee engagement, and the business strategy and the business success. The findings in this investigation help lay the foundation for future studies that link other types of strategy processes and performance. The mediating nature

of employees and other company factors should be investigated with processes such as strategic planning. It has been argued that key insights regarding the conflicting evidence regarding the link between strategic planning and firm performance are to come from investigating the impact of other mediating variables (Boyd, 1991).

Conclusion

This paper pointed out the effect of employee engagement in Czech companies on business success. The results of this study concluded that business strategy and employee engagement affect organizational success in the market. It was found that the employee engagement constitutes a key piece in the strategic planning of a company to achieve business success. Our results provide evidence of a tie between engaging employees in the strategic process and achieving the strategic goals. Perhaps more importantly, we provide evidence that the engagement of employees in strategy processes can be related to business success. The tie between business strategy, and employee engagement and business success has been hypothesized, but the empirical evidence has not been forthcoming. We provide a basis from which this important relationship can be further investigated.

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Data availability statement

Due to the nature of this research, participants of this study did not agree for their data to be shared publicly, so supporting data is not available.

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